Committee has been fully implemented?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) Reserve Bank of India (RBI) has reported that the licence application of two Urban Cooperative Banks in Tamil Nadu were rejected in May, 2002 and the Registrar of Cooperative Societies (RCS), Tamil Nadu was requisitioned to make an order for winding-up these banks and appoint a liquidator. However, on the request of the RCS, the orders rejecting the licence applications have since been kept in abeyance for six months.

(b) Action against Urban Cooperative Banks (UCBs) of Tamil Nadu as well of other States is taken as and when required.

(c) All Urban Cooperative Banks have to obtain licence from the RBI under provisions of Banking Regulation Act for carrying on banking business in India.

(d) and (e) RBI has reported that the action against these two banks were taken in the usual course as they were not complying with the provisions of B.R. Act. The action was also in conformity with the recommendations of the High Power Committee set up under the Chairmanship of Mr. K. Madhava Rao. As the existing unlicensed urban cooperative banks had applied for issue of licence several years ago when the entry point norms were not so high, the High Power Committee has in its report dealt with the problem of licensing of these banks and observed that the norms for licensing should be based on (i) minimum regulatory level of Capital to Risk Asset Ratio (CRAR); (ii) net Not-Performing Assets less than 10% (iii) profitability during each of the last three years; and (iv) compliance with statutory frame-work of B.R. Act/Directions issued by the RBI from time to time. The licence applications of all unlicensed urban cooperative banks were examined in March, 2002 in the light of the above norms *vis-a-vis* their financial position and action like issue/rejection of licence was taken.

Higher collection taxes by States

681. SHRI P. PRABHAKAR REDDY: Will the Ministry of FINANCE

AND COMPANY AFFAIRS be pleased to state:

(a) whether Government's attention has been drawn to the news-item captioned, "States make more in taxes than Centre" which appeared in the 'Economic Times' dated June 10, 2002.

(b) if so, the details thereof;

(c) whether any incentive is proposed to be given to the States for mopping up higher collections;

(d) if so, the details thereof and if not, the reasons therefor; and

(e) the reasons for Central collections lagging behind and steps proposed to be taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANT GANGARAM GEETE): (a) Yes, Sir.

(b) The news item compares the growth in Centre's tax revenues *vis-a-vis* States own tax revenues during the year 2000-01. It indicates that while the Centre has managed to better its collection by 1.4%, States have reported a 10% jump, in the aggregate.

(c) and (d) Pursuant to the recommendations of the Eleventh Finance Commission, Government of India has drafted a scheme called the States' Fiscal Reform Facility. An incentive fund of Rs. 10,607.72 crore has been created by the Government of India, which States may access if they meet the minimum objectives of fiscal improvement detailed in the scheme.

(e) The major shortfall in Centre's net tax revenue is due mainly to the enconomic slowdown. 2002-03 (BE) shows an increase of 22% in Centre's net tax revenues. Steps are being taken to ensure adequate tax compliance.

High Cost Interest Burden of Integrated Steel Plants

682. SHRI JIBON ROY: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state: